



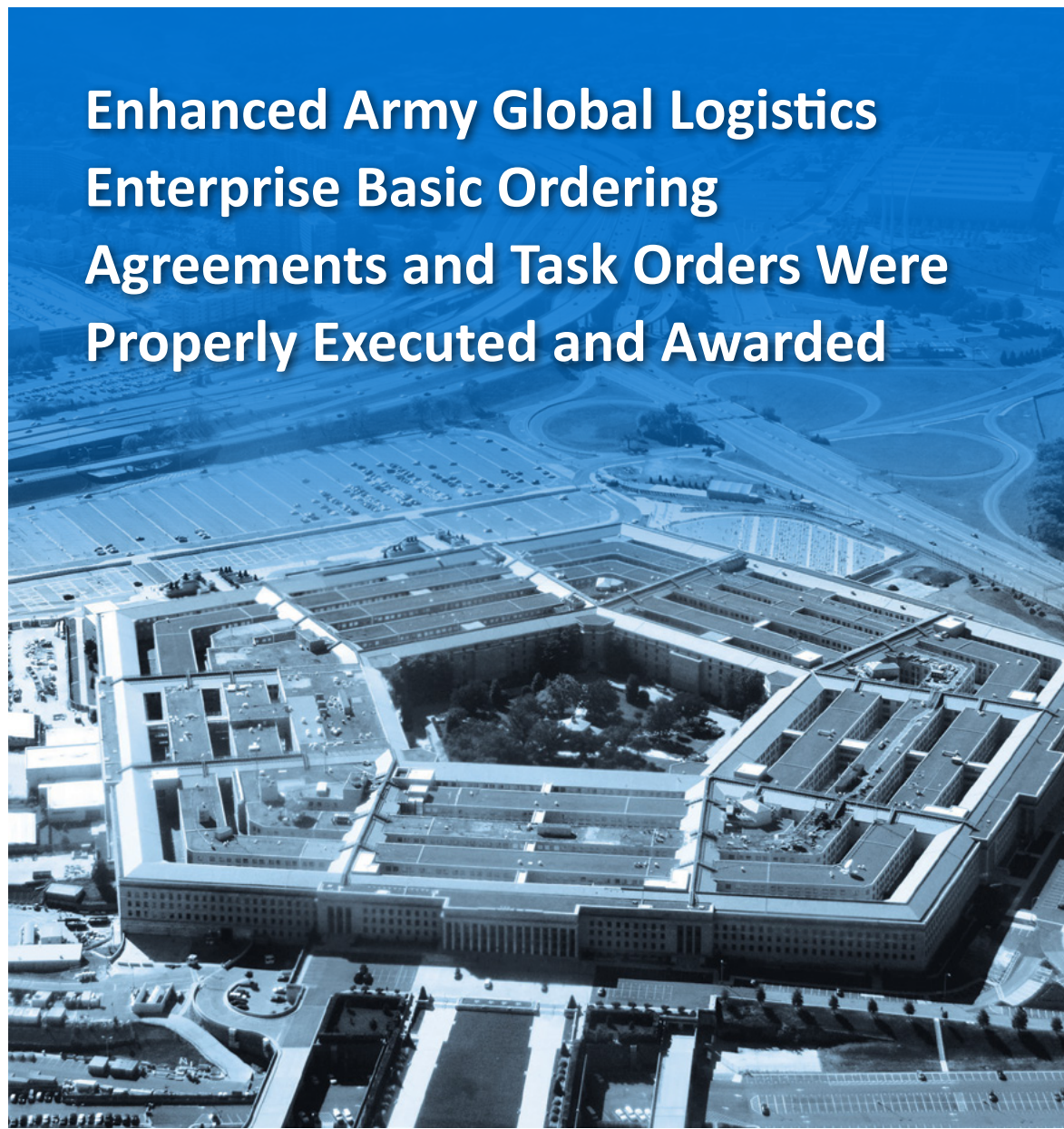
# INSPECTOR GENERAL

*U.S. Department of Defense*

JULY 25, 2014



## Enhanced Army Global Logistics Enterprise Basic Ordering Agreements and Task Orders Were Properly Executed and Awarded



INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

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# Results in Brief

## *Enhanced Army Global Logistics Enterprise Basic Ordering Agreements and Task Orders Were Properly Executed and Awarded*

July 25, 2014

### Objective

We determined whether U.S. Army Contracting Command-Rock Island (ACC-RI) officials awarded Enhanced Army Global Logistics Enterprise (EAGLE) basic ordering agreements and task orders in accordance with Federal and DoD guidelines.

### Finding

For the basic ordering agreements and the task orders we reviewed, ACC-RI officials effectively executed EAGLE basic ordering agreements and properly awarded task orders in accordance with Federal and DoD guidelines.

Specifically, for the 10 basic ordering agreements we reviewed, ACC-RI's process for executing basic ordering agreements included:

- properly issuing requests for proposals,
- documenting required information, and
- accurately verifying contractor registration.

### Finding (cont'd)

In addition, ACC-RI's process for awarding the five task orders included:

- properly limiting competition on a set-aside basis,
- effectively evaluating proposals, and
- properly incorporating requirements defined by the Army Sustainment Command.

ACC-RI streamlined the task order award process by conducting evaluations for only those proposals that complied with submission requirements. Competing the task orders among the established pool of qualified contractors should also increase contract award efficiencies.

Therefore, we are not making any recommendations.

### Management Comments and Our Response

We provided a discussion draft to ACC-RI officials on May 22, 2014. We considered management comments on a discussion draft of this report when preparing the final report.

### ***Recommendation Table***

| Management                                | Recommendations Requiring Comment |
|---|-----------------------------------|
| U.S. Army Contracting Command-Rock Island | None                              |





**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE**  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

July 25, 2014

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Enhanced Army Global Logistics Enterprise Basic Ordering Agreements and  
Task Orders Were Properly Executed and Awarded  
(Report No. DODIG-2014-095)

We are providing this report for your information and use. For the basic ordering agreements and the task orders we reviewed, the U.S. Army Contracting Command-Rock Island effectively executed the 10 Enhanced Army Global Logistics Enterprise basic ordering agreements and properly awarded the 5 Enhanced Army Global Logistics Enterprise task orders in accordance with Federal and DoD guidelines.

We considered management comments on a discussion draft of this report when preparing the final report.

We appreciate the courtesies extended to the staff. Please direct questions to Deborah Carros at (703) 604-9217 (DSN 664-9217). If you desire, we will provide a formal briefing on the results.

A handwritten signature in blue ink, reading "Daniel R. Blair", is positioned above the printed name.

Daniel R. Blair  
Deputy Inspector General  
for Auditing

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## Acronyms and Abbreviations

# Introduction

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## Objective

Our objective was to determine whether U.S. Army Contracting Command-Rock Island (ACC-RI) officials awarded Enhanced Army Global Logistics Enterprise (EAGLE) basic ordering agreements<sup>1</sup> and task orders<sup>2</sup> in accordance with Federal and DoD guidelines. See Appendix A for the scope and methodology and prior coverage related to the objective.

## Background

According to the EAGLE Acquisition Strategy, the EAGLE contract program is the U.S. Army's \$23.8 billion contracting strategy designed to streamline the acquisition of logistics services (maintenance, supply, and transportation) at U.S. Army installations. The objective of this program is to provide global logistics services that meet the Army's logistics mission needs in the most efficient and cost-effective manner at approximately 80 U.S. Army installations. Additional program goals include improving competition and increasing the opportunities for small businesses to become prime contractors. In September 2012, the program began establishing a pool of qualified contractors by executing no-cost basic ordering agreements. ACC-RI competed task orders among the basic ordering agreement holders and awarded the first task order in September 2013. As a result, task orders are awarded to prime contractors responsible for all identified support services at a U.S. Army installation. Program officials intend to improve competition by using a multi-step acquisition process that includes basic ordering agreements and continuously refreshing the pool of basic ordering agreement holders. The program also provides small businesses the opportunity to become prime contractors by using set-aside contracts with annual values of no more than \$35.5 million.

ACC-RI and the Army Sustainment Command (ASC), in Rock Island, Illinois, are responsible for implementing the EAGLE contract program. ACC-RI established an EAGLE contracting office for awarding EAGLE service contracts. ASC is responsible for managing and overseeing installations' logistics mission and has an EAGLE team to support ACC-RI.

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<sup>1</sup> A basic ordering agreement is a written instrument of understanding negotiated between a contracting activity or contracting office and a contractor.

<sup>2</sup> A task order is an order for services placed against an established contract or with Government sources.



As of February 2014, ACC-RI executed 128 basic ordering agreements. As of March 2014, ACC-RI awarded 5 task orders valued at approximately \$246.9 million. Of the 128 basic ordering agreement holders, 50 were large businesses and 78 were small businesses. Of the five task orders, ACC-RI awarded one task order to a large business and four task orders to small businesses. The table summarizes the task orders awarded as of March 2014 for the EAGLE contract program.

*Table. Summary of Awarded Task Orders for the EAGLE Contract Program*

| U.S. Army Installation                    | Award Date     | Contractor                 | Business Size | Estimated Value (millions) |
|---|----------------|----------------------------|---------------|----------------------------|
| U.S. Army Reserve Command, North Carolina | Sept. 3, 2013  | XOTECH, LLC                | Small         | \$3.8                      |
| Fort Campbell, Kentucky                   | Sept. 12, 2013 | DynCorp International, LLC | Large         | 122.5                      |
| Fort Gordon, Georgia                      | Sept. 27, 2013 | Wolverine Services, LLC    | Small         | 80.7                       |
| Redstone Arsenal, Alabama                 | Sept. 27, 2013 | Technica, LLC              | Small         | 27.5                       |
| Presidio of Monterey, California          | Feb. 24, 2014  | Tech Systems, Inc.         | Small         | 12.4                       |
| <b>Total</b>                              |                |                            |               | <b>\$246.9</b>             |

## Review of Internal Controls

DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. ACC-RI's internal controls for awarding contracts were effective as they applied to the audit objective.

## Finding

### ACC-RI Properly Executed Basic Ordering Agreements and Awarded Task Orders

For the 10 basic ordering agreements and the 6 task orders we reviewed,<sup>3</sup> ACC-RI officials effectively executed 10 EAGLE basic ordering agreements and properly awarded 5 task orders in accordance with Federal and DoD guidelines.

Specifically, for the 10 basic ordering agreements reviewed, ACC-RI's process for executing basic ordering agreements included:

- properly issuing requests for proposals,
- documenting required information, and
- accurately verifying contractor registration.

In addition, ACC-RI's process for awarding the five task orders included:

- properly limiting competition on a set-aside basis,
- effectively evaluating proposals, and
- properly incorporating requirements defined by ASC.

ACC-RI streamlined the task order award process by evaluating only those proposals that complied with submission requirements. Competing the task orders among the established pool of qualified contractors should also increase contract award efficiencies.

### ACC-RI Properly Executed Basic Ordering Agreements

For the 10 basic ordering agreements we reviewed, ACC-RI contracting personnel conducted the basic ordering agreement process in accordance with Federal Acquisition Regulation (FAR) requirements. Specifically, ACC-RI issued requests for proposals, documented required information in basic ordering agreements, and verified contractor registration. As of February 2014, ACC-RI personnel completed

<sup>3</sup> Although we reviewed six task orders as of February 2014, the task order reviewed for Fort Benning was terminated for convenience during the audit, and as of June 2014, the Fort Benning task order has still not been awarded. See Appendix C for details on the Fort Benning award protests.

three rounds of basic ordering agreement solicitations, resulting in 128 basic ordering agreements. See Appendix A for more information related to the 10 basic ordering agreements reviewed.

ACC-RI initiated the basic ordering agreement process by issuing a request for proposals on the Federal Business Opportunities website. Interested contractors submitted their proposals to ACC-RI personnel who reviewed contractors' proposals and:

- reviewed for recent and relevant references,
- assessed past performance,
- verified contractor's registration in the System for Award Management (SAM) database, and
- issued letters of acceptance.

Additionally, ASC assisted ACC-RI in reviewing proposals by verifying contractors' work experience and conducting legal reviews. After reviewing the contractors' proposals, ACC-RI selected qualified contractors, issued each qualified contractor a basic ordering agreement execution memorandum, and executed the basic ordering agreements.

### ***Contracting Officials Properly Issued Requests for Proposals***

The EAGLE contract program promoted competition by having ACC-RI officials issue multiple requests for proposals for basic ordering agreements and expanding its group of qualified contractors eligible to compete for task orders. As of February 2014, ACC-RI issued three requests for proposals for basic ordering agreements,<sup>4</sup> and each request for proposals included:

- a description of the Government's requirement,
- terms and conditions of the agreement,



The EAGLE contract program promoted competition by having ACC-RI officials issue multiple requests for proposals for basic ordering agreements and expanding its group of qualified contractors eligible to compete for task orders.

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<sup>4</sup> ACC-RI personnel stated that ACC-RI issued a fourth request for proposals but had not executed basic ordering agreements for this request for proposals as of the audit team's site visit in February 2014. See Appendix A for details on the methodology for limiting the scope of the review of the basic ordering agreements.

- information required in the contractor's proposal, and
- factors and significant subfactors used to evaluate each proposal.

FAR Subpart 15.2, "Solicitation and Receipt of Proposals and Information," requires this information to be included in requests for proposals. We reviewed the three requests for proposals for the basic ordering agreements and determined that ACC-RI issued the requests for proposals in accordance with FAR subpart 15.2. See Appendix B for more information related to Federal and DoD guidance. All three requests for proposals stated that contractors will be evaluated for similar experience<sup>5</sup> and past performance. The contractor is required to provide narrative evidence to support the proposed capabilities or similar experience listed in their proposal. ASC personnel determined whether the evidence was technically acceptable or unacceptable. ACC-RI personnel evaluated proposals for past performance, including recent and relevant references. We reviewed contract documentation and determined that ACC-RI and ASC personnel evaluated all 10 basic ordering agreement holders for similar experience and past performance.

### ***Basic Ordering Agreements Contained Required Documents***

All 10 basic ordering agreements contained the information required to execute a basic ordering agreement, and ACC-RI personnel updated the basic ordering agreements as necessary. FAR 16.703, "Basic Ordering Agreements," states that a basic ordering agreement is not a contract; it also lists the information required to be in a basic ordering agreement and requires an annual review. The annual review involves updating information by modifying the basic ordering agreement. The FAR states that each executed basic ordering agreement should include the:

- method for determining prices,
- delivery terms and conditions,
- Government activities authorized to issue orders,
- point at which the order becomes a binding contract, and
- process for handling price disputes.

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<sup>5</sup> Offeror proposes organizational capability and demonstrates experience in performing services similar to the required maintenance, supply, and transportation support services detailed in the basic ordering agreement performance work statement.

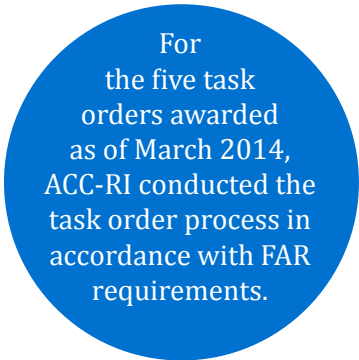
We reviewed each basic ordering agreement and documentation supporting the agreement and determined that all 10 basic ordering agreements included the required information. For example, the basic ordering agreement executed with ABM Government Services, LLC included pricing methods, delivery conditions, authorized activities, a statement indicating that the task order is a binding agreement, and the process for a price dispute. In addition, when ABM Government Services, LLC changed its company name, ACC-RI personnel included this information in the annual basic ordering agreement review.

### ***Contractor Registration Was Verified***

ACC-RI contracting personnel verified that each basic ordering agreement holder was registered in the SAM database<sup>6</sup> before they executed the basic ordering agreement, as required by FAR Subpart 4.11, "System for Award Management." We reviewed contract files for the 10 basic ordering agreement holders for proper documentation of contractor registration. Of the 10 basic ordering agreement holders, 5 were registered in SAM at the time of basic ordering agreement execution. The other five did not have registrations in SAM at the time ACC-RI executed the basic ordering agreement because the SAM database was not accessible. Therefore, for the five basic ordering agreements not registered in SAM, ACC-RI verified basic ordering agreement registration in the Central Contractor Registry and Excluded Parties List System. For these five basic ordering agreement holders, ACC-RI personnel ensured registration in SAM during the annual basic ordering agreement reviews.

### **ACC-RI Properly Awarded Five Task Orders**

For the five task orders awarded as of March 2014, ACC-RI conducted the task order process in accordance with FAR requirements. Specifically, ACC-RI limited competition as appropriate, effectively evaluated proposals to assess the factors specified in the solicitation, and properly incorporated the requirements defined by ASC.



For the five task orders awarded as of March 2014, ACC-RI conducted the task order process in accordance with FAR requirements.

Information in the contract files for the six task orders we reviewed indicated that ACC-RI initiated the task order process by issuing a request for proposals

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<sup>6</sup> SAM consolidated the use of multiple Federal procurement systems, such as the Central Contractor Registry, the Federal Agency Registration, the Online Representatives and Certifications Application, and the Excluded Parties List System.

to the pool of qualified basic ordering agreement holders. ACC-RI documented the source selection approach in the requests for proposals. ACC-RI issued each request for proposals on an unrestricted basis or as a small business set-aside, depending on the dollar value of the task order. ACC-RI received proposals from basic ordering agreement holders, and contracting personnel reviewed the proposals to determine whether the proposals were properly formatted and complete. If a proposal did not meet submission requirements,<sup>7</sup> ACC-RI and ASC did not evaluate it further. ASC evaluated proposals that complied with the submission requirements to determine the technical acceptability of the proposals against the criteria stated in the request for proposals.

For the technically acceptable proposals,

- ACC-RI personnel performed:
  - cost evaluations to determine whether proposed costs were reasonable and realistic; and
  - past performance evaluations to review the offerors' performance on previous contracts.
- ASC personnel conducted a small business evaluation, which included either:
  - verifying small business status of small businesses and 8(a) set-asides, or
  - reviewing small business participation in unrestricted source selections.

ACC-RI and ASC personnel briefed the source selection authority on a summary of the evaluation results for technically acceptable proposals and provided their recommendation. The source selection authority compared the proposal evaluation results of the proposals within the competitive range, determined the offeror that provided the best overall value to satisfy the Government requirements, and documented the recommendation in the source selection decision document. The ASC legal office completed a legal review of the source selection decision document, and ACC-RI awarded the task order to the recommended offeror.

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<sup>7</sup> Section L, "Instructions, Conditions, and Notices to Offerors," of the requests for proposals detailed submission requirements that included instructions for page limits, required attachments, and the proposal structure.



### ***Contracting Officials Properly Limited Competition on a Set-Aside Basis***

The EAGLE contract program awarded task orders on a restricted/set-aside basis for contracts with an annual value of greater than \$1 million but less than or equal to \$35.5 million.<sup>8</sup> FAR Subpart 6.2, “Full and Open Competition After Exclusion of Sources,” allows the Government to limit competition to fulfill statutory requirements by using set-asides. ACC-RI provided small businesses more opportunity to become prime contractors by using small business set-asides. ACC-RI solicited four of the five awarded task orders on a restricted/set-aside basis. Specifically, ACC-RI awarded two restricted task orders to small business concerns and the other two task orders using a section 8(a) competition. The Small Business Administration defines a small business concern as “one that is independently owned and operated, is organized for profit, and is not dominant in its field.” According to the Small Business Administration, the 8(a) program further limits the competition to small disadvantaged businesses. We reviewed the requests for proposals associated with the six task orders and determined that the requests for proposals clearly stated who could respond to the solicitation.

### ***Proposals Were Effectively Evaluated***

ACC-RI and ASC performed reviews and evaluations to determine the offeror who would provide the best value for the Government. ACC-RI awarded EAGLE task orders using either the tradeoff process or the lowest price technically acceptable source selection process.<sup>9</sup> The tradeoff process permits tradeoffs among cost/price and non-cost factors and allows the Government to accept other than the lowest offeror or other than the highest technically rated offeror. We reviewed each of the six requests for proposals and determined that the requests for proposals clearly specified the process that would be used for the basis of award. For example, ASC and ACC-RI conducted a technical evaluation and a cost/price evaluation for all six task orders to assess the relative strengths, deficiencies, and risks to the factors and sub-factors specified in the solicitation, as required by FAR 15.305, “Source Selection Proposal Evaluation.” ACC-RI performed past performance evaluations for five out of six task orders. ACC-RI did not perform a past performance evaluation on the Presidio of Monterey task order because past performance was not an evaluation factor listed in the solicitation; the request

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<sup>8</sup> If a task order was previously in the 8(a) program, it will remain in the 8(a) program. Fort Gordon had requirements that were previously solicited and awarded via the 8(a) program; this task order was issued as an 8(a) set-aside procurement.

<sup>9</sup> The lowest price technically acceptable source selection process is used in competitive negotiated contracting where the best value is expected to result from selection of the technically acceptable proposal with the lowest evaluated price.

for proposals stated that the lowest price technically acceptable source selection process was the best value. FAR 15.304, "Source Selection Evaluation Factors and Significant Subfactors," requires the contracting officer to document the reason past performance was not an evaluation factor in this acquisition; ACC-RI determined that it was unlikely that the offeror would receive an unsuccessful past performance rating for this task order because EAGLE basic ordering agreement holders already demonstrated an acceptable level of past performance. Therefore, ACC-RI found the risk of not performing a past performance evaluation on this task order to be minimal.

In addition, ASC performed either a small business utilization plan review or small business verification for all awarded task orders. Specifically, for the one task order awarded to a large business, ASC personnel evaluated the extent to which the offerors identified and committed to using small businesses in the performance of the task order. The EAGLE contract program required large businesses to subcontract to small businesses and have a small business participation target of 39 percent based on total contract value to maximize small business participation. We reviewed contract files for Fort Benning and Fort Campbell and determined that ASC reviewed a small business plan. For the four task orders awarded to small businesses, ASC personnel also verified the offerors' small business status. We reviewed the contract files for the remaining four task orders and determined ASC verified the small business status within the SAM database.

### ***Army Sustainment Command Properly Defined Requirements***

As a part of the task order process, ASC personnel supported ACC-RI by working with Army installation officials to define the requirements for each task order. Specifically, ASC prepared a procurement package input for all six task orders we reviewed as required by FAR Subpart 37.6, "Performance-Based Acquisition." FAR subpart 37.6 states that a performance-based contract for services includes a performance work statement, measurable performance standards, and performance incentives, where appropriate. For each of the six task orders, we reviewed the contract file for the procurement package input. The procurement package input included key documents such as the independent government cost estimate, performance work statement, performance requirements summary, and the quality assurance surveillance plan. Consequently, ACC-RI awarded EAGLE task orders in accordance with FAR requirements.

## Summary

For the 10 basic ordering agreements reviewed, ACC-RI officials promoted competition to qualified contractors by executing the basic ordering agreements in accordance with Federal guidelines. ACC-RI properly issued requests for proposals, included required information in basic ordering agreements, and accurately verified contractor registration. ACC-RI officials awarded the five task orders, valued at approximately \$246.9 million, in accordance with Federal and DoD guidelines. ACC-RI properly limited competition on a set-aside basis, effectively evaluated proposals, and documented its source selection approach. ASC supported ACC-RI by defining task order requirements. Overall, ACC-RI effectively executed the EAGLE basic ordering agreements and awarded EAGLE task orders we reviewed in accordance with Federal and DoD guidelines. Therefore, we are not making any recommendations.

## Appendix A

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### Scope and Methodology

We conducted this performance audit from January 2014 through July 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

### Review of Documentation and Interviews

The audit team reviewed 10 basic ordering agreements and 6 task orders to determine whether ACC-RI executed basic ordering agreements and awarded task orders in accordance with FAR and DoD guidelines. We considered the following Federal and DoD guidelines to determine whether ACC-RI contracting personnel properly conducted the basic ordering agreement and task order processes:

- FAR Subpart 4.11, “System for Award Management,”
- FAR 6.203, “Set-Asides for Small Business Concerns,”
- FAR 6.204, “Section 8(a) Competition,”
- FAR 15.101, “Best Value Continuum,”
- FAR 15.203, “Requests for Proposals,”
- FAR Subpart 15.3, “Source Selection,”
- FAR 16.703, “Basic Ordering Agreements,”
- FAR Subpart 37.6, “Performance-Based Acquisition,” and
- DoD Source Selection Procedures.

See Appendix B for more information on these guidelines.

From September 2012 to February 2014, ACC-RI completed three rounds of solicitations, resulting in a pool of 128 basic ordering agreement holders (50 large businesses and 78 small businesses). ACC-RI personnel stated that ACC-RI issued a fourth request for proposals but the audit team limited the scope of the review to the three rounds of basic ordering agreements that had been

awarded as of February 2014. From the pool of 128 basic ordering agreement holders, ACC-RI issued solicitations for a single logistics support provider at each of 14 U.S. Army installations.

As of March 2014, the EAGLE contract program awarded six task orders, and terminated one of the task orders. The task order for Fort Benning was terminated for convenience during the audit and, as of June 2014, the Fort Benning task order has not been awarded. We reviewed pre-award documentation for the six task orders, including requests for proposals, technical evaluations, past performance evaluations, cost evaluations, source selection plans, and source selection decision documents. See Appendix C for details on the Fort Benning award protests.

For the 10 basic ordering agreements reviewed, 6 basic ordering agreements were associated with the awarded task orders as of February 24, 2014. All six basic ordering agreements were executed in the first basic ordering agreement round. We nonstatistically selected additional basic ordering agreements to evaluate the ACC-RI basic ordering agreement process for all three rounds completed. The additional four basic ordering agreements reviewed included one large business and one small business from each of the two additional basic ordering agreement rounds conducted. For the 10 basic ordering agreements, we reviewed ACC-RI requests for proposals, ACC-RI and ASC evaluation documents of contractor proposals, and documentation for contractor registration. See the Table for the 10 basic ordering agreements and 6 task orders we reviewed.

*Table. Basic Ordering Agreements and Task Orders Reviewed*

|    | Basic Ordering Agreement Holder Name | Basic Ordering Agreement Round | Size  | Basic Ordering Agreement Date | Task Order                | Task Order Date              |
|----|--------------------------------------|--------------------------------|-------|-------------------------------|---------------------------|------------------------------|
| 1  | ABM Government Services, LLC         | 1                              | Large | Sept. 28, 2012                | Fort Benning              | Termination for Convenience* |
| 2  | Advanced Technology Logistics, Inc.  | 2                              | Small | Jan. 11, 2013                 | N/A                       | N/A                          |
| 3  | AKG Services, LLC                    | 3                              | Small | Aug. 1, 2013                  | N/A                       | N/A                          |
| 4  | DynCorp International, LLC           | 1                              | Large | Sept. 28, 2012                | Fort Campbell             | Sept. 12, 2013               |
| 5  | Tech Systems, Inc.                   | 1                              | Small | Sept. 28, 2012                | Presidio of Monterey      | Feb. 24, 2014                |
| 6  | Technica, LLC                        | 1                              | Small | Sept. 28, 2012                | Redstone Arsenal          | Sept. 27, 2013               |
| 7  | TSI Corp.                            | 3                              | Large | Aug. 1, 2013                  | N/A                       | N/A                          |
| 8  | VT Griffin Services, Inc.            | 2                              | Large | Jan. 18, 2013                 | N/A                       | N/A                          |
| 9  | Wolverine Services, LLC              | 1                              | Small | Sept. 28, 2012                | Fort Gordon               | Sept. 27, 2013               |
| 10 | XOTECH, LLC                          | 1                              | Small | Sept. 28, 2012                | U.S. Army Reserve Command | Sept. 3, 2013                |

\*ACC-RI awarded the Fort Benning task order to ABM Government Services, LLC on September 13, 2013. On February 27, 2014, ACC-RI terminated the task order for convenience. ACC-RI has not awarded the Fort Benning task order as of June 2014. See Appendix C for details on the Fort Benning award protests.

We met with ACC-RI contracting officials and ASC EAGLE team personnel to discuss the processes for executing basic ordering agreements and awarding task orders and their roles associated with each process. We met with ACC-RI contracting personnel and cost personnel and ASC requirements personnel and small business personnel during our site visit to Rock Island, Illinois, from February 3–7, 2014.



## Use of Computer-Processed Data

We did not rely on computer-processed data to perform this audit.

## Use of Technical Assistance

We did not use technical assistance during this audit.

## Prior Coverage

During the last 5 years, the Department of Defense Inspector General (DoD IG) issued six reports discussing awarding task orders and ACC-RI officials' contracting practices. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/pubs/index.cfm>.

### ***DoD IG***

Report No. DODIG-2014-042, "Naval Facilities Engineering Command Washington Properly Awarded Task Orders for Services," February 28, 2014

Report No. DODIG-2013-007, "Award and Administration of Multiple Award Contracts at Naval Facilities Engineering Command Specialty Centers Need Improvement," October 26, 2012

Report No. DODIG-2012-138, "Wholesale Accountability Procedures Need Improvement for the Redistribution Property Assistance Team Operations," September 26, 2012

Report No. DODIG-2012-076, "Army Contracting Command-Rock Island Contracts Awarded Without Competition Were Properly Justified," April 19, 2012

Report No. DODIG-2012-033, "Award and Administration of Multiple Award Contracts for Services at U.S. Army Medical Research Acquisition Activity Need Improvement," December 21, 2011

Report No. DODIG-2011-078, "Contracts Supporting Base Operations in Kuwait Need Stronger Management and Administration," June 30, 2011

## Appendix B

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### Federal and DoD Guidance

We evaluated whether the contracting officials properly executed the 10 basic ordering agreements and awarded the 5 task orders; we considered the following guidance during the audit:

**FAR Subpart 4.11, “System for Award Management,”** prescribes policies and procedures for requiring contractor registration in the SAM database to increase visibility of vendor sources (including their geographical locations) for specific supplies and services; and establishes a common source of vendor data for the Government.

**FAR Subpart 6.2, “Full and Open Competition After Exclusion of Sources,”** prescribes policy and procedures for providing full and open competition after excluding one or more sources and allows using set-asides and limiting competition to fulfill statutory requirements. Specifically, FAR 6.203, “Set-asides for small business concerns,” and 6.204, “Section 8(a) competition,” state that no separate justification or determination is required to set-aside a contract action for small business concerns or to limit competition to eligible 8(a) contractors.

**FAR Subpart 15.1, “Source Selection Processes and Techniques,”** describes some of the acquisition processes and techniques that may be used to design competitive acquisition strategies suitable for the specific circumstances of the acquisition. Specifically,

- FAR 15.101-1, “Tradeoff process,” describes using a tradeoff process when it is in the best interest of the Government to consider award to other than lowest priced offeror or other than the highest technically rated offeror.
- FAR 15.101-2, “Lowest price technically acceptable,” states that the lowest price technically acceptable source selection process is appropriate when best value is expected to result from selection of the technically acceptable proposal with the lowest evaluation price.

**FAR Subpart 15.2, “Solicitation and Receipt of Proposals and Information,”** prescribes policies and procedures for preparing and issuing requests for proposals; and receiving proposals and information. Specifically, FAR 15.203, “Requests for proposals,” states requests for proposals are to communicate Government requirements to prospective contractors. In addition, requests for proposals describe the factors and significant sub-factors that will be used to evaluate the proposals and their relative importance.

**FAR Subpart 15.3, “Source Selection,”** prescribes policies and procedures for selection of a source or sources in competitive negotiated acquisitions. Specifically, FAR 15.305, “Proposal evaluation,” states, “an agency shall evaluate competitive proposals and then assess their relative qualities solely on the factors and sub-factors specified in the solicitation.” The subpart also states, “The relative strengths, deficiencies, significant weaknesses, and risks supporting proposal evaluation shall be documented in the contract file.”

**FAR Subpart 16.7, “Agreements,”** prescribes policies and procedures for establishing and using basic agreements and basic ordering agreements. Specifically, FAR 16.703, “Basic ordering agreements,” describes what should be included in a basic ordering agreement. A basic ordering agreement is not a contract and does not state or imply any agreement by the Government to place future contracts or orders with the contractor or be used in any manner to restrict competition. FAR 16.703 also states that each basic ordering agreement should be reviewed annually.

**FAR Subpart 37.6, “Performance-Based Acquisition,”** prescribes policies and procedures for acquiring services using performance-based acquisition methods. Specifically, FAR 37.601, “General,” states that performance-based contracts for services should include a performance work statement, measurable performance standards, and performance incentives where appropriate.

**“DoD Source Selection Procedures,” March 4, 2011,** provides the DoD procedures for conducting competitively negotiated source selections and outlines a common set of principles and procedures for conducting such acquisitions. The goal of this document is to ensure the Department’s source selection process delivers quality, timely products and services to the warfighter and the Nation at the best value for the taxpayer.

## Appendix C

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### Fort Benning Award Protests

ACC-RI awarded the Fort Benning task order to ABM Government Services, LLC on September 13, 2013. The Logistics Company, Inc. filed a protest with the U.S. Government Accountability Office (GAO) on September 23, 2013. As a result, ACC-RI issued a Stop Work Order on September 23, 2013. VS2, LLC filed a protest with GAO on October 2, 2013. Thereafter, ACC-RI elected to take corrective action and subsequently GAO dismissed the protests as academic.

On February 27, 2014, ACC-RI decided to award the task order to VS2, LLC. The Logistics Company, Inc. filed a protest with GAO on March 7, 2014. The Logistics Company, Inc. filed a supplemental protest on April 22, 2014. ACC-RI issued a Stop Work Order to the awardee (VS2, LLC) on March 11, 2014. On April 30, 2014, ACC-RI elected to take corrective action on The Logistics Company, Inc.'s protest and GAO dismissed this protest as academic on May 1, 2014.

The corrective action was ongoing as of June 2014.

## Acronyms and Abbreviations

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|               |   |
|---------------|---|
| <b>ACC-RI</b> | Army Contracting Command-Rock Island      |
| <b>ASC</b>    | Army Sustainment Command                  |
| <b>EAGLE</b>  | Enhanced Army Global Logistics Enterprise |
| <b>FAR</b>    | Federal Acquisition Regulation            |
| <b>GAO</b>    | Government Accountability Office          |
| <b>SAM</b>    | System for Award Management               |

# **Whistleblower Protection**

## **U.S. DEPARTMENT OF DEFENSE**

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